

Message Text

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61

ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

EB-11 FRB-03 H-03 INR-11 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-03 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 OMB-01 SWF-02

IO-14 JUSE-00 FEA-02 DRC-01 /192 W

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P R 232249Z AUG 74

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC PRIORITY 1598

INFO AMEMBASSY SAN JOSE

AMEMBASSY QUITO

AMEMBASSY TEGUCIGALPA

LIMITED OFFICIAL USE PANAMA 4945

EO 11652: N/A

TAGS: ETRD, PN

SUBJ: BANANAS: UB VICE PRESIDENT TAYLOR'S MEETING WITH GOP

REF: PANAMA 4804

1. UNITED BRANDS (UB) VICE PRESIDENT TAYLOR AND CHIRIQUI LAND COMPANY PACIFIC DIVISION MANAGER HEYL MET WITH COMMERCE MINISTER MANFREDO, AGRICULTURAL MINISTER GONZALEZ, AND 8 OTHER GOP OFFICIALS ON AUGUST 22. HEYL INFORMED US MEETING WAS TOTALLY UNPRODUCTIVE, WITH MANFREDO TAKING EVEN TOUGHER POSITIONS THAN PREVIOUSLY AND SHOWING NO INTENTION TO NEGOTIATE NOR HINT OF FLEXIBILITY. HE SAID TAYLOR HAD BELIEVED AS RESULT OF UB DISCUSSIONS WITH PLANNING MINISTER BARLETTA IN WASHINGTON HIS PRESENCE IN PANAMA WAS DESIRED TO BEGIN SERIOUS DISCUSSIONS WITH SMALL GROUP, BUT MANFREDO INDICATED HE ASSUMED TAYLOR WAS THERE IN RESPONSE TO MANFREDO'S LATEST LETTER TO UB PRESIDENT BLACK (REFTEL). GOP POSITION SPELLED OUT AT MEETING
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WAS THAT BEFORE NEGOTIATIONS COULD BEGIN, UB NOT ONLY HAD TO RENEW EXPORTATION OF BANANAS BUT ALSO MAKE UP LOSSES OF REVENUE TO INDEPENDENT BANANA PRODUCERS, TO STATE OWNED CHIRIQUI RAILROAD, TO MANUFACTURER OF EXPORT CRATES AND TO

OTHER COMMERCIAL ESTABLISHMENTS IN AREA RESULTING FROM CESSATION OF EXPORTATION, PLUS LOSS IN WAGES CAUSED BY REDUCED WORK HOURS, AND LOSS OF TAX REVENUE TO GOVERNMENT.

2. HEYL SAID THAT TAYLOR HAD NOTHING TO SAY IN ABSENCE OF ANY APPARENT DESIRE FOR SERIOUS DISCUSSION, BUT AGREED TO SUGGESTION BY GONZALEZ THAT UB FORMULATE PROPOSALS TO BE SUBMITTED IN WRITING. HEYL SAID THAT HE HOPES TO SEE BARLETTA UPON LATTER'S RETURN TO PANAMA THIS WEEKEND AND THAT TYALOR WILL BE IN MIAMI NEXT WEEK PREPARED TO RETURN IF SERIOUS DISCUSSIONS WITH BARLETTA OR SOMEONE OTHER THAN MANFREDO APPEARS POSSIBLE.

3. COMMENT: INCREASING LIST OF INDEMNIFICATIONS TO BE CHARGED TO UB WOULD ADD UP TO SIZEABLE BILL WHICH COULD BE USED BY GOP IF IT WAS SEEKING JUSTIFICATION FOR A TAKEOVER OF THE COMPANY. REMARKS BY GENERAL TORRIJOS AT CLOSING OF FAO REGIONAL CONFERENCE (REPORTED SEPTTEL) INDICATE SOME SUCH TAKEOVER IS INTENDED. HEYL REPORTED THAT TYALOR ASKED MANFREDO IN PRIVATE EXCHANGE HOW PANAMA WOULD BE ABLE TO MARKET BANANAS IF GOVERNMENT ACQUIRED ENTIRE OPERATION. MANFREDO REPLIED THAT THE GENERAL WAS THINKING IN TERMS OF PUTTING BANANA LANDS TO OTHER USES (HEYL ASSUMES SUGAR PRODUCTION, OR PERHAPS RICE TEMPORARILY).
JORDEN

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